



CITY OF MILPITAS

455 EAST CALAVERAS BOULEVARD, MILPITAS, CALIFORNIA 95035-5479

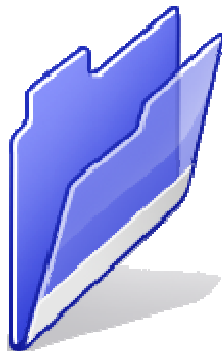
GENERAL INFORMATION: 408-586-3000, www.ci.milpitas.ca.gov

1/17/2017

Agenda Item No. 1



ATTACHMENT RELATED TO AGENDA ITEM AFTER AGENDA PACKET DISTRIBUTION





January 12, 2017

The Milpitas chamber of commerce respectfully asks the Milpitas city council to be cognizant of the challenges to our local businesses.

The Milpitas business community is very diverse with more than 50% considered "small" businesses. Having surveyed our businesses we have found that business owners in Milpitas care about their employees and are very aware of their financial needs. Those responding to our survey (approximately 12% of members) indicate that they do everything they can to pay employees more than minimum wage. Our business owners are good people who often put the needs of their employees above their own especially when the business is in its first five years of existence. In many cases the owner is taking home less than minimum wage in order to take care of employees.

Milpitas business owners have seen increasing pressure to meet their overheads and increasing costs during the last three years. Landlords have increased rents and changes in the law regarding PTO and other regulations have added to this increasing burden.

Many of the small businesses are not in the position where they can increase cost of goods sold to their customers and clients to cover rising expenses as they are already competing with large chains of stores who have large or even out of state corporate owners with greater resources and buying power.

Raising the minimum wage will reduce business opportunities to provide youth employment. Many young people starting out benefit by learning business social skills with Saturday or part time jobs. In our survey several businesses indicated that they would be forced to cut hours or simply not employ people that they cannot afford to pay.

Response from restaurants has indicated that most "tipped" employees are classified as minimum wage but in actuality take home closer to \$20 or even \$30 per hour which the employer is required to pay payroll taxes on the total take home amount not the minimum wage at which the employee was hired.

Please keep in mind that a \$1 increase per hour actually translates to an average of \$1.12 per to the business owner. This can vary greatly dependent on the nature of the business and how much insurance and what benefits are covered. An accelerated increase in the minimum wage will cause major hardship to Milpitas' smaller businesses and may even result in the closure of some of them.

After much consideration the board of the Chamber of Commerce supports the increase in minimum wage schedule defined by Governor Brown. The board is of the opinion that increasing the minimum wage by \$1 per hour per year is a schedule that businesses can work with and any escalated schedule will cause hardship and possible closure or relocation of Milpitas businesses into Fremont and Alameda County where there is no escalated plan. This will still allow businesses to pay above minimum wage if they are capable of doing so but will not mandate that they must pay more than they can afford to.

Sincerely,

Karen Hahn, President of the Board
Milpitas Chamber of Commerce